

**STATE OF CALIFORNIA  
BUSINESS, TRANSPORTATION AND HOUSING AGENCY  
DEPARTMENT OF CORPORATIONS**

**TO:** Phoebus Smith, a.k.a. Mr. Vince  
Saundra Gail Smith  
Cash Flow Creators  
17625 South Central Ave., Unit C  
Carson, CA 90746

Antelope Valley Banking System  
Mr. V & S Investments  
38733 9<sup>th</sup> Street East, Suite N  
Palmdale, California 93550  
or  
42335 50<sup>th</sup> Street West  
Lancaster, California 93536-3528

**DESIST AND REFRAIN ORDER**

**(For violations of sections 25110 and 25401 of the Corporations Code)**

The California Corporations Commissioner finds that:

1. At all relevant times herein, Cash Flow Creators ("CFC") was located at 17625 South Central Ave., Unit C, Carson, California 90746. Phoebus Smith, a.k.a. Mr. Vince was the founder and he and his wife Saudra Gail Smith ("Saundra Smith") were co-owners of CFC.
2. At all relevant times herein, Antelope Valley Banking System ("AVBS") and Mr. V & S Investments were located at 38733 9<sup>th</sup> Street East, Suite N, Palmdale, California 93550 or 42335 50<sup>th</sup> Street West, Lancaster, California 93536-3528. Phoebus Smith was the founder and he and Saundra Smith were the owners of AVBS and Mr. V & S Investments. It appears that Phoebus Smith is currently operating his scheme under the names Rich Men Club, Women of Power, and Prosperity Enterprises One in Ridgecrest, California.
3. Beginning around November 2000 and continuing through at least March 2001, CFC, Phoebus and Saundra Smith offered and/or sold securities in the form of investment contracts comprised of "Investment Growth Agreements" through fliers and live presentations, including using commissioned agents of CFC to solicit people. Phoebus and Saundra Smith primarily targeted fellow

1 church members of First Lutheran Church, a primarily African-American congregation in Carson,  
2 California.

3 4. Investors signed "Investment Growth Agreements" with CFC, investing amounts  
4 ranging from \$100 to \$5000 and were promised 100% returns minus a 10% transaction fee on  
5 investments maturing in 30-90 days. Investors were provided charts showing investment amount and  
6 returns.

7 5. CFC, Phoebus Smith and their agents also solicited investors to enroll in investment  
8 contracts in the form of "The Special Home Buyers Plan" in which an investment of \$1500 would  
9 yield a total return of \$384,000 after 17 months, and a special Christmas program in which investors  
10 would receive \$250 on a \$100 investment in 2-3 weeks. Phoebus Smith paid all the investors in the  
11 Christmas program in cash.

12 6. In connection with the offer and sale of these securities, CFC, Phoebus and Sandra  
13 Smith made, or caused to be made, misrepresentations of material fact or omitted to state material  
14 facts necessary in order to make the statements made, in the light of the circumstances under which  
15 they were made, not misleading. These misrepresentations and omissions included, but are not  
16 limited to the following:

17 a. CFC, Phoebus and Sandra Smith promised 100% returns minus a 10%  
18 transaction fee on investments maturing in 30-90 days;

19 b. Investors were told that they could get their investment money back if payment  
20 was not made within 10 days of maturity;

21 c. Investors were told that Phoebus Smith invested CFC investment money in  
22 pharmaceutical products, including Viagra and Sudafed, as well as silver, gold, auto loans and real  
23 estate, depending on the amount of the investment;

24 d. Investors were not told that CFC was a ponzi scheme and that any returns  
25 received on their investment money came from other investor money and not from any return on CFC  
26 investments; and

27 e. Investors were not told that Phoebus and Sandra Smith and the commissioned  
28 agents were not licensed to solicit investments in CFC.

1           7.       Beginning at least as early as June 2002, AVBS, Mr. V & S Investments, Phoebus and  
2       Saundra Smith, offered and/or sold securities in the form of investment contracts comprised of  
3       memberships through fliers and live presentations, including using agents of AVBS to solicit people.  
4       AVBS, Mr. V & S Investments, Phoebus and Saundra Smith raised funds from investors by primarily  
5       targeting the Christian Fellowship Church in Palmdale, California, where Phoebus and Saundra  
6       Smith were also members. Also, through various agents, investment money was received from day  
7       laborers in Ventura County and Filipino-Americans in the Orange County and Sacramento area.

8           8.       Documents provided to unsophisticated investors by Phoebus Smith and his agents,  
9       replete with religious references and biblical quotes, state that AVBS is a private banking and  
10      investment company. Mr. V & S Investments is a private investment company for AVBS members  
11      only. To become an AVBS member, investors pay a lifetime membership fee of \$210.00.

12          9.       AVBS members signed an agreement to participate in Mr. V & S Investments, which  
13      stated the investor would receive a 25% to 100% return on their investment in 60 to 365 days and  
14      their full initial investment amount within 10 business days after payment date upon request in the  
15      event of a 0% return at the end of the payment period.

16          10.      In connection with the offer and sale of these securities, AVBS, Phoebus and Saundra  
17      Smith made, or caused to be made, misrepresentations of material fact or omitted to state material  
18      facts necessary in order to make the statements made, in the light of the circumstances under which  
19      they were made, not misleading. These misrepresentations and omissions included, but are not  
20      limited to the following:

21              a.       AVBS members would be eligible to participate in a private investment group,  
22      Mr. V & S Investments, and would receive a 25% to 100% return on their investment in 60 to 365  
23      days depending on the initial investment amount;

24              b.       Investors were told that AVBS and Mr. V & S Investments have a 100% initial  
25      investment money-back guarantee in the event of a 0% return at the end of the payment period;

26              c.       Investors were told that Phoebus Smith was an investment banker;

27              d.       Investors were told that the AVBS system is unique because there are only  
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1 seven billionaires (besides Phoebus Smith and his wife) nationwide using a system similar to AVBS  
2 to add to their wealth and help others become wealthy as well;

3 e. Investors were not told that AVBS was a ponzi scheme and that any returns  
4 received on their investment money came from other investor money and not from any return on  
5 AVBS investments; and

6 f. Investors were not told that Phoebus and Sandra Smith and his commissioned  
7 agents were not licensed to solicit investments in AVBS.

8 Based on the foregoing findings, the California Corporations Commissioner is of the opinion  
9 that the securities in the form of investment contracts issued by CFC, AVBS, Mr. V & S Investments,  
10 Phoebus and Sandra Smith are securities subject to qualification under the California Corporate  
11 Securities Law of 1968 and are being or have been offered or sold without being qualified, in  
12 violation of Section 25110 of the Corporate Securities Law of 1968.

13 Pursuant to Section 25532 of the Corporate Securities Law of 1968, CFC, AVBS, Mr. V & S  
14 Investments Phoebus and Sandra Smith are hereby ordered to desist and refrain from the further  
15 offer or sale in the State of California of securities in the form of investment contracts unless and  
16 until qualification has been made under said law or unless exempt. The sale of such securities is  
17 subject to qualification under said law and such securities are being or have been offered for sale  
18 without first being so qualified.

19 Further, the California Corporations Commissioner is of the opinion that the securities issued  
20 by CFC, AVBS, Mr. V & S Investments, Phoebus and Sandra Smith were offered and sold in this  
21 state by means of written or oral communications which included untrue statements of material fact  
22 or omitted to state material facts necessary in order to make the statements made, in the light of the  
23 circumstances under which they were made, not misleading, in violation of section 25401 of the  
24 Corporate Securities Law of 1968.

25 Pursuant to Section 25532 of the Corporate Securities Law of 1968, CFC, AVBS, Mr. V & S  
26 Investments, Phoebus and Sandra Smith are hereby ordered to desist and refrain from offering or  
27 selling or buying or offering to buy any security in the State of California, including but not limited  
28 to, investment contracts, by means of any written or oral communication which includes an untrue

1 statement of a material fact or omits to state a material fact necessary in order to make the statements  
2 made, in the light of the circumstances under which they were made, not misleading.

3 This Order is necessary, in the public interest, for the protection of investors and consistent  
4 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

5 Dated: January 31, 2005  
6 Los Angeles, California

7 WILLIAM P. WOOD  
8 California Corporations Commissioner

9 By \_\_\_\_\_  
10 ALAN S. WEINGER  
11 Supervising Counsel  
12 Enforcement and Legal Services Division  
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